Dallas

Cabe W. Chadick, F.S.A. S Scott Gibson F S A Glenn A. Tobleman, F.S.A., F.C.A.S. Michael A. Mayberry, F.S.A. David M. Dillon, F.S.A. Gregory S. Wilson, F.C.A.S. Steven D. Bryson, F.S.A. Brian D. Rankin, F.S.A. Bonnie S. Albritton, F.S.A. Jacqueline B. Lee, F.S.A. Xiaoxiao (Lisa) Jiang, F.S.A. Brian C. Stentz, A.S.A. Jennifer M. Allen, A.S.A. Josh A. Hammerquist, A.S.A. Johnathan L. O'Dell, A.S.A. Clint Prater, A.S.A. Larry Choi, A.S.A. Kevin Ruggeberg, A.S.A.

Traci Hughes, A.S.A.



August 25, 2017

Eric Bachner MVP Health Insurance Company 625 State Street Schenectady, NY 12305

Re: MVP Health Plan, Inc.

2018 1Q/2Q Large Group HIC Rate Filing SERFF Tracking #: MVPH-131148723

Objection #1

Dear Mr. Bachner:

The following additional information is required for this filing.

General

- 1. Provide an exhibit quantifying all three sources of the proposed change in revenue (manual rate, age/gender, and target loss ratio) by quarter from 2Q2017 to 2Q2018.
- 2. In the 3Q 2017 filing, MVP stated that they "are currently aiming to re-slope benefits for the 1Q 2017 filing." It does not appear this was performed. Please explain the continued use of 2012 data for the benefit relativities.

Base Period Data

3. Please clarify whether experience for the various riders included in the filing is included in the base period experience.

Non-Benefit Expenses

4. The proposed general administrative load of 9.7% is higher than the actual expense ratio in any of the last three years. Support this assumption as consistent with MVP's actual expected administrative costs.

Adjustment Factors

5. Please support the 2018 inpatient and outpatient annual unit cost trends shown in Exhibit 2a.

Kansas City

Gary L. Rose, F.S.A.
Terry M. Long, F.S.A.
Leon L. Langlitz, F.S.A.
D. Patrick Glenn, A.S.A., A.C.A.S.
Christopher J. Merkel, F.S.A.
Christopher H. Davis, F.S.A.
Karen E. Elsom, F.S.A.
Jill J. Humes, F.S.A.
Kimberly S. Shores, F.S.A.
Michael A. Brown, F.S.A.
Naomi J. Kloeppersmith, F.S.A
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Denver

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Indianapolis

Kathryn R. Koch, A.C.A.S.

Baltimore

David A. Palmer, C.F.E.

- 6. It appears that MVP is assuming that members with Medicare as their primary insurer will have costs 25% lower than non-Medicare enrollees of the same age and gender. Support this assumption.
- 7. What percentage of current enrollees have Medicare as their primary coverage, and what is the average age for those enrollees?
- 8. Did the normalization of the age/gender factors take the Medicare factor into account?
- 9. The large group data in Vermont continues to suggest that the pooling charge of 9.2% is higher than the assumption in the Experience Rated Addendum.
 - a. The Addendum provides for a range of pooling levels. Why is the large group manual rate set at the \$100k pooling level? A table provided on page 9 of the addendum suggests that MVP considers a block this size credible up to a much higher pooling level.
 - b. What population and time period underlie the assumed pooling charges?
 - c. In prior filings, MVP has argued that the pooling charges are consistent with MVP's claims experience nationwide. Provide data in support of the 9.2% assumption.

Other Medical Costs

10. Please clarify what costs are represented by the \$0.45 PMPM "ACRH Payments" line item in the capitations build-up.

Please be aware that we expect to have further questions regarding the filing as the review continues.

To ensure that the review of your filing has been completed before statutory deadlines, we expect you to respond as expeditiously as possible, but no later than September 1st, 2017.

We trust that you understand these forms may not be used in Vermont until they are formally approved by the GMCB.

Sincerely,

Kevin Ruggeberg, ASA, MAAA

Associate Actuary Lewis & Ellis, Inc.

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